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SECURITY INFORMATION

CENTRAL INTELLIGENCE AGENCY
BOARD OF NATIONAL ESTIMATES

State Dept. declassification & release instructions on file

31 January 1952

MEMORANDUM FOR THE INTELLIGENCE ADVISORY COMMITTEE

SUBJECT: Field Comments on National Intelligence Estimates

The following field comments on National Intelligence
Estimates are circulated for your information:

1. NIE-42, "The Current Situation in Albania with
Particular Reference to Greek, Yugoslav and
Italian Interests."
Comments of American Embassy, Belgrade
2. NIE-23, "India's Position in the East-West
Conflict,"
Comments of American Embassy, New Delhi

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Executive Secretary

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☐ It contains nothing of CIA interest
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FOREIGN SERVICE DESPATCH

FROM : New Delhi 1482
TO : The Department of State, Washington January 3, 1952
SUBJECT: Comments and Suggestions Regarding National Intelligence
Estimate NIE-23

The Embassy acknowledges receipt of the Department's instruction No. 38, October 1, 1951, enclosing a copy of National Intelligence Estimate No. 23, "India's Position in the East-West Conflict," and offers the following comments on the Estimate:

Conclusions

The Embassy agrees with the basic thesis that India is presently determined to remain aloof from entanglement in the present world conflict. The Embassy believes, however, that there is a growing consciousness in India of the menace of world communism and that further Communist aggression, particularly if it occurs in Southeast Asia or in the Middle East, could well lead to India's aligning herself more closely with the West. The Embassy believes there is some inconsistency between Conclusion 3 and the reference in Conclusion 2 to the "advance of Communist power in Southeast Asia."

The Embassy does not consider that Indian aloofness from both power blocs necessarily connotes appeasement of Communism. In some ways India is now aiding the West, as witness the Indian ambulance unit in Korea and Indian cooperation in checking the shipment of strategic materials to Communist China. It would be difficult to cite similar instances of positive Indian aid to the Soviet bloc.

The Embassy feels that among the conclusions there might be included a statement that political disintegration might lead to Communist domination of India. While the Embassy does not feel this to be a probability, at least for the foreseeable future, the recent lack of discipline in the Congress Party ranks suggests it is a possibility not to be excluded. Indeed, political disintegration might in the present context of Indian developments, be a more potent factor leading to Communist domination than economic deterioration which proceeds at a very slow pace.

Discussion

India's Foreign Policy (7a)

"a. They (India's leaders) believe that India is not now a likely-target of Soviet or Chinese Communist attack..."

The Embassy concurs in this statement in principle but believes, however, that the Government of India is uneasy regarding Chinese Communist intentions. This question is also discussed with respect to paragraph 11 under "Prospects of an Early Change in Policy."

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"b. These suspicions of the West are reinforced by irritation with Western efforts to secure a UN solution of the Kashmir dispute."

Although the Government of India may have at one time felt some irritation with Western effort to secure a UN solution of the Kashmir dispute this feeling now appears to have altered. Since the arrival of Dr. Frank Graham in India about July 1, 1951, as United Nations representative for Kashmir under the Security Council's resolution of March 30, there has been a perceptible change in the Government of India's attitude. This change is evidenced by the cooperation it extended to Dr. Graham while he was in India and by the sympathetic manner in which it subsequently commented on his report of October 15 to the Security Council. Furthermore, Indian Government officials indicated their intention to take a conciliatory position in further demilitarization talks which Dr. Graham held in Paris under the Security Council's resolution of November 10. While these talks proved inconclusive, high Government of India officials continue to indicate a desire to reach agreement by negotiation under the UN. Reasons for the change may lie in the growing realization on the part of India that a continuing stalemate works to its political and economic disadvantage. Politically, friendly relations with Pakistan are impeded. Economically, Indo-Pakistan trade in Kashmir is disrupted and the maintenance of an Indian army of its present size in or near Kashmir is a financial drain on the Indian treasury. Moreover, the threat of Communist China, now militarily entrenched in Tibet, can no longer be ignored; this factor may induce some modification of Indian policy towards the Kashmir issue.

India's Foreign Policy (7c):

"c. Nehru in particular feels that Western militancy in the face of Soviet expansionism is both dangerous and morally wrong."

It is believed that this sentence, as it now stands does not fully interpret Prime Minister Nehru's attitude because it does not spell out in sufficient detail why he considers wars to be dangerous and because it does not explain the moral grounds on which he is opposed to armaments. Moreover, his strictures on armament appear to be directed as much to the Soviet Union as to the West. Recent evidence of the Prime Minister's views may be found in his Presidential address before the 57th Session of the Indian National Congress which met in Delhi on October 18, 1951 and in the foreign policy resolution which was adopted by the Indian National Congress at that time.

With respect to war, the Prime Minister remarked that:

"(Gandhi) taught us also the importance of means and that means should not be subordinated to ends. Yet today nations encourage hatred and violence and prepare for the most terrible of wars. The lesson of history is forgotten that these great wars have a way of following their own unpredictable courses and leading to results which were not desired or aimed at; that in fact wars do not solve any major problem."

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The Prime Minister's views were further summarized in the foreign policy resolution as follows:

"The great need of the world today is the avoidance of war which will inevitably bring irretrievable disaster to mankind. This Congress earnestly hopes that the great nations of the world, on whom rests a heavy responsibility will pursue policies which ease the present tensions and lead to peaceful solutions of present day problems."

With respect to the moral grounds on which the Prime Minister is opposed to armament, his Presidential address on October 18 includes the following passage:

"Perhaps the danger of world war is somewhat less now than it was previously. Yet the fear of that war consumes and paralyzes nations and much of their strength and energy is devoted to rearmament. A hungry and impoverished world cries for food and development, but the world's resources are directed not so much to development but to the production of weapons of destruction, and the mind of man is also turned away from constructive and cooperative effort. It is strange indeed that this should be so when the people of every country desire peace and everyone knows the terrible danger of war. Has something gone wrong with our thinking and have we lost touch with the simple facts of life? Surely, it would be possible for the statesmen of the world to put a stop to this mighty race for rearmament and to divert this energy into more fruitful channels."

A brief summary of the Prime Minister's concept is also set forth in the foreign policy resolution which states:

"The colossal programs of rearmament which present day conditions have led many countries to adopt add to international tension and cast a heavy burden on the people of those countries which result in a lowering of their standards of living. The progress of the underdeveloped countries of the world is also impeded by these programs of rearmament. If this vast expenditure on rearmament was diverted towards constructive purposes and to the advancement of underdeveloped countries that would be a surer guarantee of peace than preparation for war."

A further illustration of the views of Prime Minister Nehru and the Government of India may be found in the draft resolution which India's representative to the United Nations presented to the Political Committee of the General Assembly on November 26, 1951. This draft resolution recommends the creation of a United Nations fund for reconstruction and development based on the reduction of armaments and the contribution by members of the United Nations of funds thereby saved.

It may therefore be concluded that Prime Minister Nehru believes that programs of rearmament both by Russia and the West are dangerous because of his fear that they may plunge the world into general war and thus deny India the period of international peace and stability which it needs in order to build up its own economic and political structure. Furthermore, it might be concluded that the Prime Minister believes that reliance on armed strength is morally wrong because,

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in his philosophy, conflicts should be settled by peaceful means and economic and financial resources now devoted to rearmament should be used for more constructive purposes. It should be remarked, however, that he has not seen fit to apply his disarmament views in India's relations with Pakistan.

India's Foreign Policy (8):

"In practice, India has not only taken pains to dissociate itself politically from the West but has also demonstrated a strong tendency toward appeasement of the Communist bloc."

It is believed that this sentence gives a distorted impression of India's relationships with the West and of India's attitude toward the Communist bloc. For example, the foreign policy resolution of the Indian National Congress states that:

"this Congress approves of the policy pursued by the Government of India in seeking friendly relations with all countries and in avoiding any entanglement in military and other alliances which tend to divide the world into rival groups and thus endanger world peace."

It is believed that India's foreign policy, in its actual implementation, might more properly be described as one of "non-involvement." India has not, however, dissociated itself from the West politically or otherwise. On balance it might be said that India cooperates more closely with the West and, in general, appears to disassociate itself from the Communist bloc. India, for example, supported the Security Council's action regarding Korea in June 1950 and more recently has taken steps to prevent the shipment of strategic materials to Communist China. In the Embassy's view, India could not rightfully be charged with appeasement of Communism because it does not invariably conform to world policies desired by the West, even though it must be admitted that such an attitude does at times give aid and comfort to the Communists.

Prospects of an Early Change in Policy (9):

It is suggested that the phrase "non-involvement" would more appropriately describe India's foreign policy than the word "neutralism," as used in paragraph 9 and other paragraphs of the estimate.

Prospects of an early Change in Policy (9):

While Nehru unquestionably would like to avoid embroilment in the present world conflict, an apparently growing consciousness on his part of the threat of expanding world communism could, in the Embassy's view, lead him to renounce this basically isolationist stand. Already there is reason to believe that Nehru is deeply concerned over the presence of Chinese Communist forces on India's northern border. We have been informed confidentially that the Government of India has guaranteed Nepal borders with Tibet and that the Chinese Communists have been so informed. Overt Chinese interference in Nepal, or perhaps in Burma, could result in a sudden decision to renounce non-involvement and to seek security

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in alliance with the West. Nehru could be expected to take this step only with the greatest reluctance and in the absence of a suitable alternative, but the Embassy considers that he is quite capable of doing so if faced with a crisis threatening India's security. Nehru is not likely, however, to side with the West in consequence of Communist aggression in areas far removed from India, such as Europe or the Far East.

The Embassy sees no possibility of Nehru's aligning India with the Soviet bloc in the event of a world war; India will either join the West or maintain a benevolent neutrality towards the West.

The Embassy does not believe that there is such "widespread anti-western feeling in India," as is suggested in paragraph 9. In any case, it is considered that Nehru makes India's foreign policy and that he can carry public opinion with him, whether his program is one of non-involvement or one of cooperation with the West.

Prospects of an Early Change in Policy (10):

The Embassy considers that further aggressive moves by the Soviets in Europe or the Near East are not likely to provoke India into a definite policy of alignment with the West. Whether or not India would be drawn further into isolationism by such a development is debatable. A distinction between effects of action in Europe and the Near East is necessary. In the event of further Soviet aggression in Europe, India would perhaps fortify its determination to remain aloof. As regards the Near East, India could not but be intimately concerned for reasons of territorial propinquity and economic, cultural and religious ties. The possibility exists that naked Soviet aggression in the Near East could lead Nehru to the adoption of closer ties with the West.

Prospects of an Early Change in Policy (11)

It now seems clear that the advance of Communist power into Tibet has caused no overt change in India's policy of non-involvement, in view of the negative role which India played in the events preceding the return of the Dalai Lama from Yatung to Lhasa in July 1951. It is believed, however, that India places Tibet in a different category from other countries of Southeast Asia. In the case of Tibet, India apparently regarded it as falling under the suzerainty of China and, in any event, did not wish to complicate its relations with China by demonstrating any real objection to the extension of Communist Chinese control. India has, however, reinforced its security measures along its northern frontiers and is evincing deep concern over and paying strict attention to developments in Kashmir, Nepal, Sikkim, Bhutan and Assam. As previously stated, it has secretly guaranteed Nepal's borders with Tibet. India is also ever alert to the activities of communist agents within India and may be expected to keep vigilant watch of subversive activities which originate in Tibet and western China. It therefore seems reasonable to conclude that although India has acquiesced in the Communist Chinese occupation of Tibet, it is beginning to show signs of more realism with respect to possible future Communist moves.

With respect to the other countries of Southeast Asia, to which brief reference is also made in this paragraph, it is agreed that the advance of

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"communist power" is unlikely to produce an early change in India's policy of non-involvement. At the present time India apparently does not consider internal conditions in Indochina or Burma as constituting an immediate menace to India, but it is increasingly concerned about Burma. It is believed that if the advance of "communist power" is brought about by outside communist force rather than by peaceful means Indian policy might undergo change. For example, if Communist Chinese armies openly invaded the Associated States of Indochina, Thailand or Burma, India would undoubtedly be compelled immediately to re-examine its policies because of the increasing threat to India itself. It might be desirable, therefore, more explicitly to define "communist power" and the manner in which India would react to its extension.

Prospects of an Early Change in Policy (12):

"In the event of an overt Chinese Communist invasion of Burma, India would probably decide to send its own troops to the assistance of the Burmese, but might fail to act promptly and effectively in view of its desire to retain its military superiority in Kashmir and along the Pakistan border, where most of its forces are now disposed."

The Embassy has doubts about the circumstances under which India would go to Burmese aid in the event of an overt Chinese Communist invasion. High Indian Government officials have indicated they believe Chinese Communism is another form of Asian nationalism; they realize at the same time that China may become aggressive and expansionist. The Embassy believes that if Communist China should invade Burma, India would wish to go to its assistance but that it would not do so alone. That would involve India in war. India would be more inclined to help Burma in conjunction with other members of the United Nations in such action as it might authorize. It might well bring the matter up before the United Nations, and would probably consult at once with the United States and the United Kingdom Governments.

Economic Deterioration in India's foreign policy (14-15 and 16):

Economic deterioration has been present in India since independence, being chiefly a product of the second world war and the calamities of partition and abnormal climatic conditions during the past four years. This deterioration is reflected mainly in a growing food deficit and in an inflationary trend involving a substantial rise in the cost of living of the Indian masses. But the degree and speed of this deterioration are not appreciable, the factors causing it appear largely transitory, and it seems capable of correction given certain favorable developments. For example, favorable weather conditions could ameliorate or even eliminate the existing food deficit. Improved economic and political relations with Pakistan, admittedly hard to achieve, could contribute much to the betterment of the Indian economy. A modicum of judiciously applied foreign aid could also provide impetus toward fundamental economic improvement. Government policy in the financial field has been eminently sound ever since independence was gained.

India being primarily an agricultural country, even if economic deterioration should continue, it is likely to do so at a slow pace. Thus the threat to

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internal stability, barring a major famine or other extraordinary calamity, is likely to come about over a long period of time rather than in the near future.

The possibility of Communist exploitation of economic discontent exists, of course, and the Communists have been exerting every effort since Indian independence to make the most of it. However, their activities to date, including attempts at violence and armed insurrection in Hyderabad, have failed. Despite internal dissension within their own ranks, the Communists can be expected to continue their efforts on all fronts to bring down the Government. Apart from seeking political alliances to overthrow the Congress in the coming elections, the Communists will continue their efforts to win over intellectuals and students to the Communist cause. Their progress in this latter respect is a cause for concern, but the influence of these intellectuals and students in moulding public opinion can be exaggerated. In terms of Communist progress in India, their influence thus far has not been appreciable. Concerning reference to the splintering of the Congress Party, this of course continues to be a possibility, but present indications are that Nehru's leadership will be decisive in returning the party to power with a comfortable majority in the ensuing elections. Although some important defections have occurred in the pre-election period and others can be expected in the post-election era, there is little to justify the belief that Nehru will be found incapable of holding the Congress Party and the Government together during the years immediately ahead.

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FOREIGN SERVICE DESPATCH

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January 10, 1952

FROM : AMEMBASSY, Belgrade
TO : The Department of State, Washington
REF : Department's Instruction 23, December 3, 1951.
SUBJECT : National Intelligence Estimate No. 42

In accordance with the instruction under reference, members of the Embassy staff and Service Attaches have read with interest National Intelligence Estimate No. 42, "The Current Situation in Albania with Particular Reference to Greek, Yugoslav, and Italian Interests". On the Basis of information available here they agree with the conclusions contained in the report.

The Embassy notes with interest the statement (page 3, section 13) that "the League of Peasants and Villagers (Agrarian Party). . . has its strongest following in the extreme north and the neighboring Yugoslav provinces inhabited largely by Albanians". Since the Embassy has no evidence that there exists at the present time any organized support among the Yugoslav Albanians for any Albanian political faction, the Embassy would appreciate any current information on this matter that may be available to the Department.

For the Ambassador:

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NATIONAL INTELLIGENCE ESTIMATE

THE CURRENT SITUATION IN ALBANIA WITH PARTICULAR REFERENCE TO GREEK, YUGOSLAV AND ITALIAN INTERESTS



NIE - 42

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CENTRAL INTELLIGENCE AGENCY

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NATIONAL INTELLIGENCE ESTIMATE

THE CURRENT SITUATION IN ALBANIA WITH PARTICULAR REFERENCE TO GREEK, YUGOSLAV AND ITALIAN INTERESTS

NIE - 42

The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 15 November.

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THE CURRENT SITUATION IN ALBANIA WITH PARTICULAR REFERENCE TO GREEK, YUGOSLAV AND ITALIAN INTERESTS

THE PROBLEM

To assess the strategic importance of Albania; to examine the stability of the existing regime; and to analyze Greek, Italian and Yugoslav interests in Albania.

CONCLUSIONS

1. In its physical isolation from the Soviet Bloc Albania's importance to the USSR is more latent than manifest. In an area of traditional Russian aspirations, its continuance under Soviet control is a political asset and a matter of prestige to the USSR especially in view of the defection of Yugoslavia and the defeat of Communist aggression in Greece. Economically, Albania is a liability to the USSR. By itself, Albania is of minor military importance to the USSR. However, if overland communication with the Soviet orbit were re-established, it would regain the limited military value it possessed for the USSR before the Yugoslav defection.

2. Resistance activity constitutes a troublesome problem for the Hoxha regime but is not an immediate threat. As long as the resistance effort is divided and does not receive substantial external aid,

the Albanian security forces will probably succeed in containing it.

3. The interests of Italy, Greece, and Yugoslavia in Albania conflict, and each of these three countries probably prefers continuance of the *status quo* to a change which would be favorable to the others.

4. Italy and Yugoslavia have officially accepted the principle of the creation of a sovereign and independent Albania with its present boundaries and free from Soviet control. However, Greece, because of its claims to northern Epirus, has so far not accepted this principle. Whether or not all three of Albania's neighbors could actually be brought to accept an independent Albania with its present boundaries would probably depend upon the support given the new government by the Western Powers.

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DISCUSSION

The Significance of Albania

5. Politically, Albania is of importance to the USSR primarily as an outpost of Communism. The USSR would regard its loss as a blow to Soviet prestige, particularly since the defection of Yugoslavia and the failure of the Communist effort in Greece. Economically, Albania is a liability to the USSR. Militarily, Albania is of minor importance to the USSR. Although it occupies a strategic location at the entrance to the Adriatic, under modern conditions its capabilities for development are limited. Saseno Island and the port of Valona have some potential value as bases for mine craft, small naval attack craft, and submarines. Saseno Island was a minor Italian submarine base and there have been recurrent but unconfirmed rumors in the postwar years of Soviet efforts to reconstruct these facilities. There is no confirmed evidence of extensive Soviet efforts to build up Albanian air facilities and, although Albania might be of value as an outpost in an early warning system for air defense of the Soviet orbit, there is no evidence of Soviet radar installations. Since the defection of Yugoslavia, Albania has lost most of its strategic importance to the USSR because of the lack of overland communication with the Soviet orbit. However, Albania would be of some significance to a land campaign in the Balkans, since operations in conjunction with Bulgaria, if successful, could separate Greece from Yugoslavia.

The Current Situation In Albania*The Stability of the Regime and
Extent of Soviet Control*

6. Prior to the Cominform-Yugoslav rift in June 1948, Albania was closely tied, both politically and economically, to Yugoslavia. Rather than follow Marshal Tito's heresy, however, Hoxha chose the Moscow camp and launched a vigorous campaign for the elimination of "nationalist" elements in Albania. Hoxha not only extricated Albania from its ties with Yugoslavia, but also succeeded in eliminating serious competition for leadership within Albania. Reported rivalry be-

tween Hoxha and the Minister of Interior, Lt. Gen. Mehmet Shehu is likely to be of little importance as both men are apparently firmly controlled by the Kremlin.

7. Albania is totally dependent upon Soviet support. Without it, the country's economy would be severely shaken within a few months. Soviet control is reinforced by from 1000 to 1500 Soviet "experts" in key positions in the police, military, and civilian administrations as well as in the party hierarchy.

8. With Soviet support Hoxha and Shehu have thus far succeeded in ruling the country through the usual Communist methods of police terror and rigid economic controls. Despite evidence of opportunism and disloyalty in the security forces and particularly in the army, these forces constitute effective instruments for the suppression of opposition.

9. Soviet support to Albania, however, has not included a mutual assistance pact, probably because the USSR desires to leave the situation fluid and to avoid a commitment which might prove embarrassing.* Albania has such a pact only with Bulgaria (16 December 1947).

10. Nevertheless, any change in the Albanian situation which might threaten Soviet control would automatically involve a question of Soviet prestige in an area in which one Satellite has already defied the Kremlin. Under present circumstances, such a change probably could occur only with the support of one or more of the neighboring states. Such a development would necessarily lead to a deterioration of the international situation. Soviet action to counteract a change of this nature would depend upon broader considerations of global strategy.

Resistance to the Present Regime

11. Dissatisfaction among the Albanian people continues to be widespread and there has been some overt resistance within the past few years. The regime itself has admitted

* The only other Satellites which have not concluded mutual assistance pacts with the USSR are Eastern Germany and North Korea.

the existence of "diversionist" elements and attacks upon military and civilian supply convoys. The most dramatic incident of resistance activity was the bombing of the Soviet Legation in February 1951, but local assassination and limited economic sabotage have probably been more effective challenges to Communist authority. Thus far, the Hoxha regime has been able to deal with opposition movements by instituting further repressive measures. For example, Shehu has organized special pursuit battalions which operate in the mountainous areas against individual resistance groups.

12. Refugees have reported the existence of various local resistance groups, such as the "National League of the Mountains," "Liberty," "Skanderbeg,"* "Call" and "National Unity," but specific information regarding these groups is lacking. There does not appear to be any established cooperation among the various dissident groups despite their common desire to rid Albania of the Hoxha regime.

13. Among the Albanian emigre resistance movements the Committee for a Free Albania, an affiliate of the National Committee for a Free Europe, with operational headquarters in Rome is perhaps the most influential. The Committee comprises three groups: (1) the National Agrarian Democratic Party/Balli Kombetar (National Front) whose following is strongest in southern Albania; (2) the Legality Party (pro-King Zog) which is strongest in central Albania and (3) the League of Peasants and Villagers (Agrarian Party) which has its strongest following in the extreme north and in the neighboring Yugoslav provinces inhabited largely by Albanians. Although these groups have the common objective of establishing an independent and sovereign Albania, they differ among themselves as to the type of government to be created. The Committee's activities within Albania have been limited to propaganda work and some subversive efforts by agents. Its most effective operation thus far has been the dropping of propaganda leaflets. These

* The name of an Albanian hero of the 15th Century.

leaflets have caused considerable excitement within the country, prompting periodic official notes of protest to the Italian Government and encouraging Albanians to flee Albania.

14. In addition to the internal organizations and the Committee for a Free Albania, there are operating within Albania representatives of pro-Italian, pro-Yugoslav, and pro-Greek Albanian emigre groups. Despite their common opposition to the present regime, their ultimate objectives reflect the divergent interests of the three countries. Their activities have been limited because of fear on the part of each country that a change in the Albanian regime might benefit one of the other neighbors and possibly for fear of precipitating an international crisis.

15. The efforts of both the internal resistance groups and the emigre organizations are uncoordinated and their objectives frequently conflict. These factors have simplified the task of Albanian security forces in isolating and destroying individual groups.

16. Under present circumstances, while resistance activity constitutes a troublesome problem for the Hoxha regime, it is not an immediate threat. As long as the resistance effort is divided and does not receive substantial external aid, the Albanian security forces will probably succeed in containing it.

Conflicting Interests of Italy, Yugoslavia and Greece

17. Albania has long been a bone of contention among its neighbors. Their interests conflict to such an extent that, even under present circumstances, the problem of Albania complicates the development of good relations and cooperation among Italy, Yugoslavia and Greece. Other problems, such as Trieste and Macedonia, are of greater immediate importance in creating dissension among these powers, but Albania would probably become a critical issue if the present regime were overthrown.

Italian Interests

18. Italy's objective in Albania has always been to establish Albania as an Italian sphere

of influence and to prevent any other power from gaining a foothold from which Italian influence in the Adriatic could be challenged. In pursuit of this objective, Italy supported the creation of an independent Albania in 1912 and later, in 1914, occupied the island of Saseno and the port of Valona. Italian troops remained in occupation until 1920. Italy was then forced to evacuate the mainland, but retained Saseno which was converted into a minor naval and submarine base. By a pact of friendship and security with Albania in 1926, Italy established a legal basis for including Albania in Italy's sphere of influence. Italian influence was manifested by loans, management of nearly all important economic enterprises, and training and equipping of the armed forces. In 1939, Mussolini occupied Albania and united it with Italy; in 1940, he launched his invasion of Greece from there. Under the Italian Peace Treaty (1947), Italy recognized the independence of Albania, ceded Saseno Island, and renounced all public and private property rights, concessions, claims, etc. in Albania.

19. Italy has not given up, however, its basic objectives toward Albania: the denial of the area to other powers and the restoration of Italian economic and political influence in Albania. In its official statements, the Italian Foreign Office has emphasized that continued Albanian independence and territorial integrity correspond with Italian interests. Italian efforts to improve relations with the present Communist regime have made no progress. Formal diplomatic relations were established in 1949 and, despite Communist restrictions on the Italian Legation in Tirana, Italy undoubtedly intends to retain such relations as long as possible.

20. Italy evidently aims eventually to re-establish its influence through the pro-Italian exile group, the National Independent Bloc. The leadership of this group cooperated with Italy before and during the war and enjoys the support of the present Italian government;

21. Italy is particularly apprehensive of possible Yugoslav pre-eminence in Albania in the event the Hoxha regime should be overthrown. The Italian desire to avoid the establishment of a foothold by any other power in Albania is so strong that Italy probably prefers continuation of the *status quo* to the creation of a power vacuum which Yugoslavia and, possibly Greece, would be in a better position to fill.

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Greek Interests

22. Greek interests in Albania center upon Greek claims to southern Albania (northern Epirus), an area which the Greeks occupied from 1912 to 1916 and which they have consistently claimed on historical, ethnic, strategic and economic grounds. The Greeks also recall that Albania served as a base for the Italian attack on Greece in 1940 and, in the postwar years, for Communist guerrilla operations against Greece. Even at present, Albania is a base from which Communist agents are infiltrated into Greece.

23. Greece, like Italy and Yugoslavia, is attempting to further its policy through the use of Albanian refugees. Those in Greece are primarily from southern Albania and are apparently concentrated in camps along the Albanian border. To date, their efforts have been largely in the field of espionage, propaganda and the encouragement of additional emigration. Some of those in the camp at Yannina are reported to be formed into military units, intended for eventual use in southern Albania.

24. The Greeks probably look on partition of Albania between Greece and Yugoslavia as the ideal solution to the problem. They are apprehensive of possible Yugoslav or Italian domination of the entire country, and would probably attempt to occupy northern Epirus in the event of military action in the area, such as a Yugoslav invasion of Albania. For the present, in the absence of Allied assurances against possible Italian or Yugoslav domination of Albania, Greece probably prefers continuation of the *status quo* at least so

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long as the Hoxha regime does not resume full scale support to the Greek guerrillas.

Yugoslav Interests

25. Serbia opposed the principle of an independent Albania in the period from 1912 to 1918. Following World War I, the Yugoslavs occupied northern Albania until 1921. In 1926, Yugoslavia finally accepted the Albanian frontier as delineated in 1913. Until the outbreak of World War II, Italian domination of Albania prevented Yugoslavia from exercising any influence.

26. This situation changed radically during World War II when Tito, through Albanian Communists, managed to obtain control of the Albanian National Liberation Movement. Tito's control was exercised largely through emissaries attached to the headquarters of the Albanian Army of National Liberation, and, from 1944 to 1948, Albania was a puppet of Yugoslavia. In 1948, Hoxha was able to extricate Albania from its ties with Yugoslavia following the Tito-Cominform rift.

27. Since 1948, Tito has ostensibly championed the principle of an independent, sovereign Albania and has condemned both Greek territorial claims and the alleged Greek proposals for the partition of Albania between Greece and Yugoslavia. Yugoslavia is particularly apprehensive of the restoration of Italian influence or domination. In the past several months, Yugoslav propaganda has charged Italy with encouraging the plans of Albanian exiles for an "ethnic" Albania which would include the Yugoslav provinces of Kosovo and Metohiya, both populated chiefly by Albanians. Tito's actual objective appears to be the eventual creation of an anti-Soviet, pro-Tito regime in Albania and a return to the status of 1944-1948. It was apparently to this end that the "League of Albanian Political Refugees in Yugoslavia" was formed in May 1951. The League, which claims to represent some 5,000 Albanian refugees, is controlled by Albanian Communists who have fled from Albania since 1948. It was created

by Belgrade as an instrument of Yugoslav policy, despite its proclaimed objective of "an independent, free, indivisible, democratic and republican" Albania. The League has already engaged in some espionage, sabotage and propaganda activity, and it possesses a considerable potential for more extensive operations. Yugoslavia's exposed position, however, has probably deterred Tito from using the League to the full. Yugoslav spokesmen have expressed the fear that any substantial efforts to overthrow the Hoxha regime might be taken by the USSR as a pretext for military action against Yugoslavia.

The Possibility of a Settlement

28. The existence of an Albanian state has in the past always depended upon the attitude of stronger powers. Although all three of Albania's neighbors would presumably wish to see the eventual liquidation of the present regime in Albania, their interests in the ultimate status of Albania are incompatible. Since Albania's isolation from the Soviet orbit in 1948, the policy of each of its neighbors has been directed at establishing a position from which it could profit in the event of the overthrow of the Hoxha regime. As a result, each country has sought to counter the moves of the others. This has led to a diffusion of resistance efforts within Albania. Rivalry among the three countries over Albania is also one of the factors limiting the cooperation of these nations in the development of coordinated defense plans in Southeastern Europe.

29. Italy and Yugoslavia have officially accepted the principle of the creation of a sovereign and independent Albania within its present boundaries and free from Soviet control. However, Greece, because of its claims to northern Epirus, has so far not accepted this principle. Whether or not all three of Albania's neighbors could be brought to accept Albanian independence would probably depend upon the support given the new government by the Western Powers.